

HEALTH SERVICES AND DEVELOPMENT AGENCY MINUTES

February 24, 2010

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Lammert, Gregory, Vice Chair
Bishop, Jimmy
Burns, Charlotte
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Atchley, Bryan
Jones, Clark
Morris, John, designee for the Commissioner of Commerce and Insurance

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Anderson, John, M.D., Radiation Oncologist, Volunteer Radiation Oncology
Anderson, Lynn
Assednic, Shania, M.D.
Auhoh, Stephanie, Director, MHHS
Blomenberg, Emily, Director, Imaging Services, Morristown-Hamblen Healthcare System
Bolton, Keith, CEO, Specialty Surgery Centers of America, Inc.
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brotherton, Matthew, Kramer Rayson, LLC
Brown, Chris, Administrator, ProVision
Brown, Dere, National HealthCare Corporation
Bruce-Cunningham, Jill
Bunch, David V., CEO, St. Mary's Jefferson Memorial Hospital
Byrns, Michael, Business Development, ProVision
Clark, Richard L., Administrator/CEO, Morristown-Hamblen Healthcare System
Corritore, Danell, Director, Certificate of Need Unit, Div. of Health Statistics, Tennessee Dept. of Health
Culp, Joe F., Health Planner III, Division of Health Statistics, Tennessee Department of Health
Day, Edwin W., Consultant
Day, Matt
Dobbs, Tracy, M.D.
Dorris, Tracy

Douglass, Terry D., Chairman, ProVision Healthcare, LLC
 DuBois, Mary Lou, President, East Tennessee Healthcare Partners
 Duckett, Greg, Senior Vice President, Baptist Memorial Health Care Corporation
 Duncan, Bruce, National HealthCare Corporation
 Elrod, Dan H., Esq., Miller & Martin
 Farmer, Troy, Vice President, MHHS
 Fishman, Mike, Publisher, Citizen Tribune
 Gaffnery, Lauren, BBS
 Gooch, Warren, Esq., Kramer Rayson, LLP
 Green, Michele
 Haggard, George, CEO, Haggard Enterprises
 Haucle, Dan, Manager, Alliance Imaging
 Hayes, Sharon C., Manager, MHHS
 Hill, Ronald, Vice President, Strategic Development, Vanderbilt University Hospital
 Ivey, Toni, Director, MHHS
 Jennings, Linda, Tennessee Health Care Association
 Judd, Jeffery M., Vice President, HMC/CAH
 Kettermann, Patti, President, Baptist Hospital of Cocke County
 Lane, Chuck, CFO, Methodist Healthcare
 Larson, Mara
 Larson, Ramsey, M.D., Morristown-Hamblen Healthcare System
 Macaulay, Margant, Volunteer Department, MHHS
 Majors, Norman, Senior Vice President & CAO, University of Tennessee Medical Center
 Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care Corporation
 Merville, LaDonna, Hospital Alliance of Tennessee
 Michay, Suzanne, Director of Cancer Services, Morristown-Hamblen Healthcare System
 Mills, Priscilla, CEO, Lakeway Regional Hospital
 Murray, Jackie, Director, Morristown-Hamblen Healthcare System
 Poling, Becki, Director Hospital Services, Tennessee Dept. of Mental Health/Developmental Disabilities
 Potter, Jeffrey D., Senior Vice President, Strategist, Mercy Health Partners
 Putnam, Pam, Radiology Supervisor, Morristown-Hamblen Healthcare System
 Ramapranad, Sunil, M.D.
 Reed, Ann R., RN, BSN, MBA, Director of Licensure, Tennessee Department of Health
 Richardson, J. Scott, Esq., Bradley Arant Boult Cummings, LLP
 Richardson, Michael, Vice President, Covenant Health Services
 Robinson, Melanie, Director, Mercy Health Partners
 Rosenbalm, Chris, MHHS
 Rosenbalm, Kellie, Chairperson, Morristown Lions Club
 Ross, Steven R., Senior Vice President, UT Medical Center
 Seals, Angie, Director, MHHS
 Snyder, Pam, Executive Director, MHHS
 Sogthress, Dawn
 Southwick, Bill, President/CEO, HealthMark Partners
 Spiegel, Kevin, CEO, Methodist Healthcare
 Stephenson, Kate, Esq., Trauger & Tuke
 Strate, Tom, President, CEO, Strate Insurance Agency
 Sutherland, Peter M., M.D., Healthstar Physicians
 Swisher, Cathleen
 Swisher, Charles
 Tally, Sarah Lodge, Esq., Miller & Martin
 Taylor, Jerry W., Esq., Farris, Mathews, Bobango, PLC
 Terrell, Rebecca L., Executive Director, Memphis Center for Reproductive Health
 Terry, Roy, M.D., Tennessee Orthopedics
 Thompson, Cindy, Director, MHHS
 Tongate, Scott, Administrator, HMC/CAH
 Trauger, Byron R., Esq., Trauger & Tuke
 Wellborn, John L., Consultant, Development Support Group
 Wesley, Ralph E., M.D.
 Whitaker, Dedra, Vice President/CNO, Morristown-Hamblen Healthcare System
 Williams, Jay, Attendant, MHHS

HEALTH SERVICES AND DEVELOPMENT AGENCY

FEBRUARY 24, 2010 MEETING

Chairman Koella, called the meeting to order at 8:30 a.m. in the first floor Conference Room 160, Davy Crockett Tower, Nashville, Tennessee.

CHAIRMAN'S ANNOUNCEMENTS

Mr. Koella requested a moment of silence in memory of former Lt. Governor John Wilder, who passed on January 1, 2010.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements. Ms. Hill further announced that the March and April meetings will be at Davy Crockett Tower and the May meeting location has not been finalized at this time.

OTHER BUSINESS

- 1) State Health Plan – Eric Harkness, Planning & Research Coordinator, Division of Health Planning, Finance & Administration discussed the status of the state health plan.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Dr. Handorf recused.

East Tennessee Diagnostic Center Morristown - (Morristown, Hamblen County) - Project No. CN0909-049

The establishment of an outpatient diagnostic center (ODC), initiation of magnetic resonance imaging (MRI), computerized tomography (CT), positron emission tomography (PET), and other diagnostic services; and the acquisition of MRI & PET units. The project will be located on approximately five (5) acres of land within an undeveloped 100-acre tract occupying the northwest quadrant of the intersection of Merchants Green Road and Veterans Highway, in Morristown. Project Cost \$11,704,209.00.

Deferred from the December Meeting

Brant Phillips, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Steve Ross, UT Medical Center; Sunil Ramapranad, M.D.; Peter M. Sutherland, M.D., HealthStar Physicians; Shania Assednic, M.D.; and Jill Bruce-Cunningham [submitted petition with 209 names in support of the project]. Present in support were Tracy Dorris and John L. Wellborn, Consultant.

Speaking in opposition to the project were: Byron R. Trauger, Esq. representing Morristown-Hamblen Healthcare System, and Morristown Regional Diagnostic Center; Richard L. Clark, President/CEO Morristown-Hamblen Healthcare System; Mike Brent, Esq., representing Lakeway Regional Medical Center; David V. Bunch, CEO, St. Mary's Jefferson Memorial Hospital; Mike Fishman, Publisher, Citizen Tribune; Emily Blommenberg, Director, Imaging Services, Morristown-Hamblen Healthcare System; Jeff Potter, Senior Vice President, Mercy Health Partners; and John Anderson, M.D., Radiation Oncologist, Volunteer Radiation Oncology. Present in opposition were: Jackie Murray, Director, Morristown-Hamblen Healthcare System; Tom Strate, President, CEO, Strate Insurance Agency; Patti Kettermann, President, Baptist Hospital of Cocke County; Ramsey Larson, M.D., Morristown-Hamblen Healthcare System; George Haggard, CEO, Haggard Enterprises; Dan Haucle, Manager, Alliance Imaging; Pam Putnam, Radiology Supervisor, Morristown-Hamblen Healthcare System; and Dedra Whitaker, Vice President/CNO, Morristown-Hamblen Healthcare System.

Mr. Phillips rebutted.

Mr. Trauger provided summation for the opposition.

Mr. Phillips provided summation for the applicant.

Ms. Burns moved for denial of the project based on: 1) Need – There is not a need in the community due to the modalities being in the service area; and the hospital saying they are willing to provide the positron emission tomography (PET) unit for heart services that have been proposed in this project; 2) Economic Feasibility – The project is not economically feasible; and 3) The project does not contribute to the orderly development of adequate and effective health care as it will have a negative impact on the local hospitals. Mr. Gaither seconded the motion. The motion CARRIED [5-1-0]. **DENIED**

AYE: Burns, Bishop, Lammert, Weaver, Gaither,
NAY: Koella

Surgery Center of Lebanon - (Lebanon, Wilson County) - Project No. CN0906-036

The establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms, and one (1) procedure room. Project Cost \$4,376,825.00.

Deferred from the November Meeting

Keith Bolton, CEO, Specialty Surgery Centers of America, Inc., addressed the Agency to request a deferral to the April meeting. Roy Terry, M.D., Tennessee Orthopedics, was present in support of the project.

Dan Elrod, Esq., representing University Medical Center and Lebanon Surgical Center stated that the opposition did not object to the deferral request.

Dr. Handorf moved for deferral of the project for sixty (60) days to the April meeting. Mr. Lammert seconded the motion. The motion CARRIED [7-0-0]. **DEFERRED**

AYE: Burns, Bishop, Lammert, Handorf, Weaver, Gaither, Koella
NAY: None

Baptist Memorial Hospital-Lauderdale - (Ripley, Lauderdale County) - Project No. CN0910-053

The discontinuance of geropsychiatric services at a critical access hospital and a ten (10) bed decrease in licensed beds from 35 to 25 beds. No major medical equipment or other services are involved. Project Cost \$5,500.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of Baptist Memorial Health Care Corporation were Arthur Maples, Director, Strategic Planning and Greg Duckett, Senior Vice President.

Mr. Lammert moved for approval of the project based on: 1) Need – The need will be met by allowing them to remain viable as a hospital in that county; 2) Economic Feasibility – The project is economically feasible with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as there is ample supply of these services in the area. Ms. Weaver seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Burns, Bishop, Lammert, Handorf, Weaver, Gaither, Koella
NAY: None

Wesley Ophthalmic Plastic Surgery Center - (Nashville, Davidson County) - Project No. CN0911-054

The relocation of an ambulatory surgical treatment center (ASTC) from 250 25th Avenue North, Nashville (Davidson County), TN 37203 to 1800 Church Street, Suite 100, Nashville (Davidson County), TN 37203, a distance of approximately 1.2 miles; and the addition of a second operating room (for total of two (2) operating rooms). The facility is licensed by the Board for Licensing Health Care Facilities as an ASTC limited to ophthalmology. The project does not contain any major medical equipment or initiate or discontinue any other health service; and will not affect any licensed bed complements. Project Cost \$3,231,324.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Ralph E. Wesley, M.D. spoke on behalf of the project and John L. Wellborn, Consultant was present.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established based on the volume of this specialty service; 2) Economic Feasibility – The project is economically feasible with financing through a commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care as it provides services to the patients with and without insurance. Ms. Weaver seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Burns, Bishop, Lammert, Handorf, Weaver, Gaither, Koella
NAY: None

Dr. Handorf recused.

Methodist Healthcare- Memphis Hospitals d/b/a/ Methodist University Hospital - (Germantown, Shelby County) - Project No. CN0911-055

The relocation and replacement of a positron emission tomography (PET)/Computed Axial Tomography (CT) unit and existing services from 1388 Madison, Memphis (Shelby County), TN 38104 to an existing ambulatory site located at 1377/1381 S. Germantown Road, Germantown (Shelby County), TN 38138. The project is the relocation of existing services and will not increase the number of PET units in the service area. Minor renovations to accommodate the new equipment will be required. The project involves 1,132 square feet of renovated space. This project does not involve inpatient beds or the addition of other major medical equipment. Project Cost \$2,242,559.00.

Byron R. Trauger, Esq., representing the applicant, addressed the Agency. Kevin M. Spiegel, CEO, Methodist University Hospital spoke on behalf of the project.

Mr. Lammert moved for approval of the project based on: 1) Need – The project will meet the need in the area by allowing patients to continue receiving services at Methodist; 2) Economic Feasibility – The project is economically feasible with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as it will allow these services to continue at a new location. Ms. Burns seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Burns, Bishop, Lammert, Weaver, Gaither, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following requests for modifications:

Mr. Lammert recused. Ms. Weaver served as vice-chair for this project.

Memphis Center for Reproductive Health, Inc. - (Memphis, Shelby County) - Project No. CN0710-077A

Request for a six (6) month extension of the expiration date from March 1, 2010 to September 1, 2010. This project was approved on January 23, 2008 for the relocation of an existing ambulatory surgical treatment center (ASTC) consisting of two (2) procedure/exam rooms from 1462 Poplar Avenue to 1724-1734 Poplar Avenue, Memphis (Shelby County), TN with a project cost of \$1,065,000.00.

Rebecca L. Terrell, Executive Director, addressed the Agency on behalf of the request.

Ms. Weaver moved for approval of a six month extension of the expiration date from March 1, 2010 to September 1, 2010. Mr. Bishop seconded the motion. The motion CARRIED [4-0-2]. **APPROVED**

AYE: Burns, Bishop, Weaver, Gaither,
NAY: None
ABSTAINED: Handorf, Koella

NHC Place at Hendersonville - (Hendersonville, Sumner County) - Project No. CN0702-014A

Request for a twenty-four (24) month extension of the expiration date from July 1, 2010 to July 1, 2012. This project was approved on May 23, 2007 for the replacement and relocation of the existing thirty-two (32) licensed bed Hendersonville Nursing and the addition of thirty *(30) new Medicare certified nursing home beds for a total of sixty-two (62) nursing home beds to be located within the Willowbrooke planned unit development. The expiration date is July 1, 2011 and the project cost is \$13,426,341.00. *These beds were subject to the 125 Nursing Home Bed Pool for 2006-2007.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency, and Bruce K. Duncan, Assistant Vice President, was present on behalf of the request.

Dr. Handorf moved for approval of a twenty-four (24) month extension of the expiration date from July 1, 2010 to July 1, 2012. The cause of the request is based on local geographic problems. Ms. Weaver seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Burns, Bishop, Lammert, Handorf, Weaver, Gaither, Koella

NAY: None

NHC Place at Hendersonville - (Hendersonville, Sumner County) - Project No. CN0808-057A

Request for an eighteen (18) month extension of the expiration date from January 1, 2011 to July 1, 2012. This project was approved on November 19, 2008 for the addition of thirty (30)* new Medicare certified nursing home beds to a previously approved and under development sixty-two (62) bed project issued as (CN0702-014A) for a total of ninety-two (92) nursing home beds located within the Willowbrooke planned unit development along Saundersville Road. on a yet to be determined street address. The project will be part of a larger continuum of care which will include in addition to the ninety-two (92) nursing bed center approximately eighty (80) assisted living units. The expiration date is January 1, 2011 and the project cost is \$4,814,709.00. * These beds were subject to the 125 Nursing Home Bed Pool for 2008-2009.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency, and Bruce K. Duncan, Assistant Vice President, was present on behalf of the request.

Dr. Handorf moved for approval of an eighteen (18) month extension of the expiration date from January 1, 2011 to July 1, 2012. This request is based on geographic problems. Mr. Lammert seconded the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Burns, Bishop, Lammert, Handorf, Weaver, Gaither, Koella

NAY: None

CONTESTED CASES

Mr. Christoffersen provided updates on Contested Cases.

MINUTES

The minutes of the December 18, 2009, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

MMH/mab